

U.S. Government Printing Office

Notes to Consolidated Financial Statements As of September 30, 1995

1. Organization:

The U.S. Government Printing Office ("GPO") was created by the Printing Act of 1860. The U.S. Congress enacted Title 44, a comprehensive codification of printing related laws, in 1968. This legislation provides to the Federal government an economic and efficient means for the production and procurement of congressional and Federal agency printing and binding and for the dissemination of information to the public.

The Public Printer, appointed by the President of the United States with the advice and consent of the U.S. Senate, oversees the operations of GPO. GPO discharges its responsibilities through the operation of a Revolving Fund and congressional appropriations.

2. Significant Accounting Policies:

A. Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Basis of Consolidation

The accompanying consolidated financial statements of GPO include the accounts of all funds under GPO control that have been established and are maintained to account for the resources of GPO. Also provided are supplemental schedules that present GPO's financial position, results of operations, and cash flows by fund type and by program within each fund. GPO operations are financed through the operation of a Revolving Fund and a General Fund.

Revolving Fund accounts are established by law to finance a continuing cycle of operations with receipts derived from operations. These accounts are used to finance two major GPO programs: Printing and Binding Operations and Sales of Publications Operations.

Printing and Binding Operations accounts are used to record the transactions related to printing and binding and distribution services. Sales of Publications Operations accounts are used to record the transactions related to sales of publications and their distribution to the public.

General Fund accounts are used to record financial transactions arising under annual congressional appropriations under two major programs: Superintendent of Documents Salaries and Expenses Appropriation and the Congressional Printing and Binding Appropriation.

The Salaries and Expenses Appropriation account is used to record transactions for expenses incurred by the Superintendent of Documents for depository library distributions, international exchange distributions, other statutory distribution of publications, and for the cataloging and indexing of government publications.

The Congressional Printing and Binding Appropriation account is used to record printing and binding performed for Congress and for printing and binding publications authorized by law to be distributed without charge to recipients.

All significant intra-agency balances and transactions have been eliminated in consolidation. Revenue and expense eliminations for the years ended September 30, 1995 and 1994, consisted of the following.

	<u>1995</u>	<u>1994</u>
Printing and reproduction services	\$105,816,000	\$108,450,000
Data processing services	2,250,000	2,232,000
Miscellaneous services	<u>3,054,000</u>	<u>804,000</u>
Total	<u>\$111,120,000</u>	<u>\$111,486,000</u>

In addition to the above eliminations, there is an elimination within the In-house Printing Program of revenues and expenses for services and other internal transactions (e.g., internal-use forms, electronic repairs) provided to and by the In-house Printing Operations. The eliminations were \$5,400,000 and \$4,329,000 for the years ended September 30, 1995 and 1994, respectively.

To the extent practicable, general and administrative expenses have been allocated among the various expense categories based on the estimated level of effort associated with each program.

C. Revenue Recognition and Expended Appropriations

In-house Printing and Binding - By law, GPO must be reimbursed by the party requesting its services for all printing and binding work. Consequently, all Revolving Fund revenues from in-house printing and binding work (work not commercially procured) are recognized as the work is performed by GPO.

Commercially Procured Printing and Binding - Revolving Fund revenues from commercially procured printing and binding are recognized on the date the contract requirements are fulfilled, which is generally the date of shipment by the commercial contractors to the requesting agency.

Distributing and Selling Publications - Revolving Fund revenues from distributing and selling publications are recognized when the publications have been shipped or when the services have been performed.

Appropriation Revenues – Appropriation revenues are recorded when the related qualifying expenses are incurred.

The amount of appropriations expended and the programs funded by appropriations are presented in Note 9A. Unexpended appropriations are recorded as a component of Equity of U.S. government (see Note 9B).

D. Funds With U.S. Treasury

Funds with U.S. Treasury represent all unexpended balances for GPO's accounts with the Department of the Treasury. The amounts recorded by GPO at September 30, 1995, in Funds with U.S. Treasury agree with the balances recorded by the Department of the Treasury in its Government On-line Accounting Link System ("GOALS"). A breakdown of items included in this balance as of September 30, 1995 and 1994, follows.

	<u>1995</u>	<u>1994</u>
Revolving Fund	\$ 80,481,000	\$ 97,943,000
Appropriations:		
1991	1,820,000	1,903,000
1992	471,000	1,500,000
1993	4,261,000	8,316,000
1994	19,832,000	38,810,000
1995	39,165,000	-
Total appropriations	<u>65,549,000</u>	<u>50,529,000</u>
On hand and in transit	<u>2,049,000</u>	<u>708,000</u>
Total	<u>\$148,079,000</u>	<u>\$149,180,000</u>

For purposes of the statements of cash flows, cash includes all funds with the Department of the Treasury.

As explained in Note 9, at the end of both 1995 and 1994, all appropriated funds were expended or obligated. Obligated and unobligated appropriation balances are cancelled after five years. In 1995 and 1994, no such cancellations were required for fiscal years 1989 and 1990.

E. Inventories

Inventories of publications held for sale are valued at the lower of cost, using the weighted average cost method, or market and are shown net of an allowance for surplus publications. The allowance for surplus publications is established to estimate the value of potentially obsolete or excess publications held in inventory.

Paper, materials, and supplies inventory includes the cost of production material (e.g., blank paper, spare parts, ink, and book cloth), as well as the cost of administrative-use supplies. This inventory is valued at the lower of cost, using the weighted moving average cost method, or market, net of an allowance for materials and supplies obsolescence. There is no provision for paper obsolescence due to the frequency of use. The components of inventories as of September 30, 1995 and 1994, are as follows.

	1995	1994
Publications for sale	\$15,231,000	\$15,109,000
Allowance for surplus publications	(4,511,000)	(3,725,000)
Publications for sale, net	10,720,000	11,384,000
Paper	13,529,000	8,403,000
Materials and supplies	10,336,000	10,082,000
Allowance for obsolescence	(1,408,000)	(1,683,000)
Paper, materials, and supplies, net	22,457,000	16,802,000
Inventories, net	\$33,177,000	\$28,186,000

F. Property, Plant, and Equipment

Property and equipment purchases and additions are valued at cost. Printing equipment transferred to GPO from other Federal agencies is valued in accordance with Regulation Number 26, *Government Printing and Binding Regulations*, published by the Joint Committee on Printing ("JCP"). This valuation generally approximates historical cost.

Major alterations and renovations are capitalized, while normal maintenance and repair costs are expensed as incurred.

Depreciation and amortization of property and equipment is calculated on a straight-line basis over their estimated useful lives. The following table presents the ranges of depreciable and amortizable lives of GPO assets.

Category	Depreciable or Amortizable Life
Buildings and improvements	42 to 50 years
Plant machinery and equipment	5 to 20 years
Office machinery and equipment	5 years
Computer hardware	5 years
Computer software	3 years
Furniture and fixtures	5 years
Vehicles	3 to 6 years

Leasehold improvements are amortized over the lesser of their useful lives or lease terms (see Note 7A for future minimum lease payment obligations).

Property, plant, and equipment as of September 30, 1995 and 1994, consisted of the following.

	<u>Acquisition Value</u>	<u>Accumulated Depreciation & Amortization</u>	<u>1995 Net Book Value</u>	<u>1994 Net Book Value</u>
Land	\$ 9,977,000	\$ -	\$ 9,977,000	\$ 9,977,000
Buildings	8,656,000	8,656,000	-	-
Building improvements	54,911,000	30,985,000	23,926,000	20,172,000
Leasehold improvements	1,768,000	1,286,000	482,000	427,000
Plant machinery and equipment	81,563,000	52,256,000	29,307,000	19,048,000
Office machinery and equipment	14,633,000	10,651,000	3,982,000	4,209,000
Computer software	5,126,000	2,585,000	2,541,000	2,211,000
Furniture and fixtures	2,278,000	394,000	1,884,000	1,975,000
Vehicles	1,539,000	951,000	588,000	712,000
Capital improvements in process	4,000	-	4,000	6,792,000
Software development in process	<u>2,996,000</u>	<u>-</u>	<u>2,996,000</u>	<u>2,819,000</u>
Total	<u>\$183,451,000</u>	<u>\$107,764,000</u>	<u>\$75,687,000</u>	<u>\$68,342,000</u>

G. Annual, Sick, and Other Types of Leave

Annual leave is accrued as a liability as it is earned, and the liability is reduced as leave is taken. Each year the annual leave liability account is adjusted to reflect current pay rates.

Sick leave and other types of nonvested leave are expensed as the leave is taken. Although there is no limit on the amount of sick leave that can be accumulated, no lump sum payment is made for unused sick leave.

H. Accounting for Interagency Activities

Other Federal agencies make financial decisions and report certain financial matters on behalf of the entire Federal government, including matters in which individual agencies may be an indirect party-in-interest. This concept of having Federal agencies record or report only those financial matters for which they are directly responsible is consistent with the U.S. General Accounting Office's *Policies and Procedures Manual for Guidance of Federal Agencies*, Title 2, "Accounting," which requires financial matters to be identified with the agencies that have the budgetary authority and resources to manage them.

Financial matters maintained or reported by other Federal agencies in which GPO is indirectly involved include employee pension plan benefits (see Note 3) and certain legal situations (see Note 7C).

I. Statements of Cash Flows

The statements of cash flows identify cash receipts and payments and classify them into operating, investing, and financing activities. The disclosure of this information is intended to help assess the ability of GPO to generate funds from current operations, to identify financing acquired from outside sources, and to identify the major nonoperating (investing) uses of funds. For purposes of these statements, cash is considered to be Funds with U.S. Treasury, as defined in Note 2D.

J. Voluntary Early Retirement Program

During the first quarter of fiscal year 1994, GPO offered a Voluntary Early Retirement Program to lower future operating costs by reducing personnel compensation and benefits. Approximately 350 employees received up to \$25,000 lump sum payments during 1994, calculated based on years of service. The total cost of the program was \$8.7 million and is reflected in the fiscal year 1994 statement of revenues and expenses. No such incentive program was offered in 1995.

K. Allocated Workers' Compensation Liability

The Federal Employees Compensation Act ("FECA") provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and the beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor ("DOL"), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants.

In fiscal year 1993, DOL began providing the actuarially estimated liability for claims outstanding at the end of each fiscal year and allocated to GPO the DOL's estimate of GPO's portion of the actuarial liability. This liability includes the estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases. This liability does not include the estimated future costs for claims incurred but not approved at year-end. This allocated liability totaled approximately \$24.9 million at September 30, 1995, and \$27.9 million at September 30, 1994. The actuarially computed liability was discounted at September 30, 1995, using a discount rate of 7.1 percent for fiscal year 1996, 6.6 percent for fiscal year 1997, and 7.0 percent thereafter. At September 30, 1994, the liability was calculated using a discount rate of 7.0 percent for fiscal year 1995 and thereafter. At September 30, 1993, the discount rates used to compute the liability were 5.76 percent for fiscal year 1994 and 5.8 percent for fiscal year 1995 and thereafter.

GPO did not reflect the allocated workers' compensation liability in its previously issued 1993 or 1994 financial statements. In order to properly reflect this liability, the accompanying financial statements reflect a charge to beginning 1994 Equity of U.S. Government - Revolving Fund (cumulative results of operations) of \$27.9 million, which represents the allocated workers' compensation actuarial liability at September 30, 1993. Further, the fiscal year 1994 financial statements have been restated to reflect this item, resulting in a \$27.9 million increase in the previously reported 1994 liabilities and an equivalent reduction in Equity of U.S. Government - Revolving Fund. See Note 8C, which also summarizes the impact of the prior-period adjustment.

L. Reclassification of Fiscal Year 1994 Balances

Certain reclassifications have been made to fiscal year 1994 balances to present them consistently with the fiscal year 1995 financial statements.

3. Employee Benefit Plans:

GPO funds a portion of pension contributions for its employees under the Civil Service Retirement System and the Federal Employees Retirement System and also makes payroll deductions for employees for their pension contribution. GPO is not required to disclose the assets of either system nor the actuarial data with respect to accumulated plan benefits of the unfunded pension liability relative to its employees. This reporting is the direct responsibility of the Office of Personnel Management ("OPM"). The cost of health care benefits for retired employees and the reporting of such amounts are also the direct responsibility of OPM.

A. Civil Service Retirement System

The majority of GPO's employees were covered by the Civil Service Retirement System ("CSRS") during fiscal years 1995 and 1994. Total GPO matching contributions (7.5 percent for *Congressional Record* indexers, investigators, and law officers, and 7 percent for all other employees covered under this plan) to CSRS for all eligible employees were approximately \$9.3 million and \$9.8 million for the years ended September 30, 1995 and 1994, respectively.

B. Federal Employees Retirement System

On January 1, 1987, the Federal Employees Retirement System ("FERS"), a defined contribution plan, commenced pursuant to Public Law 99-335. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security, while employees hired prior to January 1, 1984, were able to choose between joining this plan or remaining in CSRS. Unlike CSRS, FERS offers the Federal Government's Thrift Savings Plan ("TSP"), which requires GPO to contribute 1 percent of an enrolled employee's base pay, and additionally to match voluntary employee contributions up to 4 percent of base pay.

For the years ended September 30, 1995 and 1994, total GPO (employer) contributions to FERS (16.9 percent for *Congressional Record* indexers, 24.3 percent for investigators and law officers, and 11.4 percent for all other employees covered under this plan) were \$4.4 million and \$4.9 million, respectively. Additional contributions of GPO's share to the TSP for the years ended September 30, 1995 and 1994, totaled \$1.4 million and \$1.3 million, respectively.

C. Social Security System

GPO also makes matching contributions to the Social Security Administration ("SSA") under the Federal Insurance Contributions Act ("FICA"). For employees covered by FERS, GPO contributes matching amounts of 6.2 percent of gross pay (up to \$61,200) to SSA's Old-Age, Survivors, and Disability Insurance ("OASDI") Program. Additionally, GPO makes matching contributions for all employees of 1.45 percent of gross pay to SSA's Medicare Hospital Insurance Program. Payments to these programs for the years ended September 30, 1995 and 1994, amounted to \$5.4 million and \$5.7 million, respectively.

4. Accounts Receivable:

Accounts receivable as of September 30, 1995 and 1994, consists of the following.

	<u>1995</u>	<u>1994</u>
Federal agencies:		
Unbilled completed work	\$118,917,000	\$107,969,000
Unbilled work in process	11,511,000	26,936,000
Billed completed work	39,451,000	37,716,000
Subtotal	<u>169,879,000</u>	<u>172,621,000</u>
Other receivables:		
The public	2,009,000	1,695,000
GPO employees	1,116,000	1,162,000
Subtotal	<u>3,125,000</u>	<u>2,857,000</u>
Total accounts receivable	<u>173,004,000</u>	<u>175,478,000</u>
Allowance for doubtful accounts	(2,887,000)	(3,314,000)
Total accounts receivable, net	<u>\$170,117,000</u>	<u>\$172,164,000</u>

The majority of GPO's accounts receivable are due from other Federal agencies. Unbilled completed work results from the delivery of goods or the performance of services for which bills have not yet been rendered. Included in this balance as of September 30, 1995, is unbilled commercial printing of \$54.1 million, unbilled direct mill-to-customer agency paper shipments of approximately \$1.2 million, finished work in the process of being billed of \$51.3 million, and finished work for which invoices have not been prepared as of September 30, 1995, valued at \$12.3 million.

Unbilled work in process represents the amount owed on work performed on customer orders as of September 30, 1995 and 1994, that by law must be reimbursed by GPO customers.

Employees accounts receivable for fiscal year 1995 includes \$1,059,000 and \$57,000 owed by current employees and former employees, respectively, who were advanced both annual and sick leave. Both types of leave for current employees will be repaid by these employees in biweekly installments or by other GPO employees on their behalf through the donated leave program.

5. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses are composed of the following as of September 30, 1995 and 1994.

	<u>1995</u>	<u>1994</u>
Accounts payable:		
Commercial printing	\$52,268,000	\$55,167,000
U.S. government agencies	10,671,000	10,680,000
Other	7,518,000	8,284,000
Total accounts payable	<u>70,457,000</u>	<u>74,131,000</u>
Accrued salaries and wages	8,036,000	8,678,000
State and local payroll taxes	843,000	915,000
Total accounts payable and accrued expenses	<u>\$79,336,000</u>	<u>\$83,724,000</u>

6. Deferred Revenue:

As of September 30, 1995 and 1994, deferred revenue consisted of the following.

	<u>1995</u>	<u>1994</u>
Deferred subscription revenue	\$21,560,000	\$23,010,000
Customer deposits - held on accounts	8,389,000	8,469,000
Customer deposits - unfilled orders	2,210,000	2,598,000
Advance billings to Federal agencies	6,308,000	979,000
Total	<u>\$38,467,000</u>	<u>\$35,056,000</u>

Deferred revenue results from the receipt of customer remittances for products or services that will be delivered or provided in the future. Deferred subscription revenues for products such as the *Congressional Record*, the *Federal Register*, and the *Commerce Business Daily* are recognized at the time the products are delivered. Customer deposits for publication orders are recognized as customer orders are filled. At the time a customer cancels a subscription or closes a deposit account, the customer's unused account balance is refunded.

7. Commitments and Contingencies:

A. Operating Leases

As of September 30, 1995, GPO was committed to various noncancelable operating leases primarily covering warehouse, office, and retail space. Some of these leases contain escalation clauses and renewal options. The following is a schedule of future minimum rental payments required under operating leases by type, which have initial or remaining noncancelable lease

terms in excess of one year. Rent expenses for the years ended September 30, 1995 and 1994, were \$6,606,000 and \$7,400,000, respectively. The decrease in rent expense is the result of operations of the Superintendent of Documents moving from leased to owned space, discontinuing printing operations in Seattle, and reducing space leased in GPO's New York Regional Printing Office.

<u>Fiscal Year</u>	<u>Warehouse</u>	<u>Office</u>	<u>Retail</u>	<u>Total</u>
1996	\$ 2,228,000	\$227,000	\$ 487,000	\$ 2,942,000
1997	2,260,000	103,000	376,000	2,739,000
1998	2,260,000	31,000	214,000	2,505,000
1999	2,203,000	25,000	143,000	2,371,000
2000	1,576,000	2,000	27,000	1,605,000
2001 and beyond	214,000	-	-	214,000
Total minimum lease payments	<u>\$10,741,000</u>	<u>\$388,000</u>	<u>\$1,247,000</u>	<u>\$12,376,000</u>

B. Commitments

GPO is committed, by contract, for goods and services that have been ordered but have not been delivered at fiscal year-end. Total undelivered orders for all GPO activities were approximately \$130.0 million and \$141.3 million as of September 30, 1995 and 1994, respectively.

C. Contingencies

GPO is a party to various administrative proceedings, legal actions, and claims brought by or against it. In the opinion of GPO management and legal counsel, the ultimate resolution of these proceedings, actions, and claims will not materially affect the financial position or results of operations of GPO.

Occasionally, GPO may be the named party, but another agency may administer and litigate the case. Amounts to be paid under any decision, settlement, or award pertaining thereto may be funded by those agencies. In most cases, tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from a Special Judgment Fund maintained by the Department of the Treasury. Amounts paid from this fund on behalf of the GPO were \$84,000 and \$79,000 for the years ended September 30, 1995 and 1994, respectively, and are not reflected in the accompanying consolidated financial statements.

8. Revolving Fund:

A. Cumulative Results of Operations

Cumulative results of operations for the Revolving Fund include net operating results since its inception, reduced by funds returned to the Department of the Treasury by legislative rescissions and by transfer to other Federal agencies. As explained in Note 2K, the cumulative results of operations at September 30, 1994, were reduced to reflect GPO's allocated liability for workers' compensation benefits.

B. Invested Capital

The Revolving Fund was established in 1953 using appropriated funds of \$33.8 million and buildings and land with a fair market value of \$415,000. Subsequently, Congress has provided additional funding to GPO for working capital (\$58 million since 1953) and land and other improvements (\$17.5 million since 1971). Invested Capital represents Federal government resources directly appropriated to GPO by Congress to invest in GPO assets - primarily land, buildings, equipment, and working capital.

Increases to Invested Capital are also recorded when printing equipment is donated to GPO. Invested Capital is reduced over the useful life of the asset. The net book value of assets donated to GPO from other agencies was \$381,000 and \$222,000 in fiscal years 1995 and 1994, respectively.

GPO received \$12,900,000 of Revolving Fund appropriations during the 1970s for an air-conditioning unit. This appropriation amount was recorded in Invested Capital in the Equity section. In 1994, a reclassification was made to transfer the cumulative depreciation expenses associated with the air-conditioning unit from invested capital to cumulative results of operations.

C. Summary of Revolving Fund Activity

Below is a summary of activity for the Revolving Fund portion of Equity of U.S. government in fiscal years 1995 and 1994. See Note 9 for Appropriation Fund summary.

	<u>Cumulative Results of Operations</u>	<u>Invested Capital</u>	<u>Total Revolving Fund</u>
Revolving Fund balance as of October 1, 1994, as previously reported	\$151,840,000	\$109,950,000	\$261,790,000
Adjustment to recognize workers' compensation liability (see Note 2K)	(27,924,000)	-	(27,924,000)
Reclassification to transfer accumulated depreciation expense for air- conditioning unit	<u>8,895,000</u>	<u>(8,895,000)</u>	<u>-</u>
Revolving Fund balance as of October 1, 1994, as restated	<u>132,811,000</u>	<u>101,055,000</u>	<u>233,866,000</u>
Donated equipment, net (see Note 8B)	-	(6,000)	(6,000)
Net loss for fiscal year 1994	<u>(21,774,000)</u>	<u>-</u>	<u>(21,774,000)</u>
Revolving Fund balance, September 30, 1994, as restated	<u>111,037,000</u>	<u>101,049,000</u>	<u>212,086,000</u>
Donated equipment, net (see Note 8B)	-	159,000	159,000
Net loss for fiscal year 1995	<u>(3,025,000)</u>	<u>-</u>	<u>(3,025,000)</u>
Revolving Fund balance, September 30, 1995	<u><u>\$108,012,000</u></u>	<u><u>\$101,208,000</u></u>	<u><u>\$209,220,000</u></u>

9. Appropriations:

A. Expended Appropriations

Total appropriations initially made available for fiscal years 1995 and 1994 were \$89,724,000 and \$88,404,000 for Congressional Printing and Binding and \$32,207,000 and \$29,082,000 for Salaries and Expenses of the Superintendent of Documents, respectively. In fiscal year 1995, Public Law 104-19 rescinded portions of GPO's annual appropriations as part of the emergency supplemental appropriations act that was enacted to fund anti-terrorist initiatives and respond to the Oklahoma City bombing. The 1995 Congressional Printing and Binding Appropriation was reduced by \$5 million, and the 1995 Salaries and Expenses Appropriation was reduced by \$600,000 as a result of the rescissions.

Expended appropriations for program operations for the years ended September 30, 1995 and 1994, were as follows.

	<u>1995</u>	<u>1994</u>
Congressional Printing and Binding:		
<i>Congressional Record</i> products	\$ 20,657,000	\$ 22,064,000
Miscellaneous publications and printing and binding	18,493,000	17,126,000
Hearings	12,166,000	11,085,000
Bills, resolutions, and amendments	9,164,000	11,763,000
Details to Congress	2,557,000	3,564,000
Other	10,029,000	10,761,000
Total Congressional Printing and Binding	<u>73,066,000</u>	<u>76,363,000</u>
Salaries and expenses:		
Depository library distribution	23,119,000	19,846,000
Cataloging and indexing	3,306,000	2,844,000
By-law distribution	478,000	597,000
International exchange	679,000	647,000
Total salaries and expenses	<u>27,582,000</u>	<u>23,934,000</u>
Total expended appropriations	<u>\$100,648,000</u>	<u>\$100,297,000</u>
Reconciliation of expended appropriations to the consolidated statements of revenues and expenses:		
Total expended appropriations	\$100,648,000	\$100,297,000
Eliminations (Intra-agency)	<u>(3,054,000)</u>	<u>(804,000)</u>
Consolidated revenues from appropriations	<u>\$ 97,594,000</u>	<u>\$ 99,493,000</u>

See Note 11 for 1996 GPO funding appropriations.

B. Unexpended Appropriations

As of September 30, 1995, GPO had unexpended appropriations obligated for Salaries and Expenses and Congressional Printing and Binding services of \$22,553,000 and \$41,610,000, respectively, shown in the accompanying supplemental Schedule of Appropriated Funds. In fiscal year 1994, these amounts were \$18,527,000 and \$29,952,000, respectively.

10. Related-Party Transactions:

The Refectory Cafe, Ltd. ("RCL"), a nonprofit corporation chartered in the District of Columbia in 1985, operated the GPO Cafeteria ("Cafeteria") until the RCL ceased operations on November 18, 1994. The members of the Board of Directors of the RCL were appointed by the former Public Printer and include the current Public Printer, the Deputy Public Printer, and one senior-level GPO manager. Employee food service is currently provided and managed by an independent contractor.

From its incorporation in 1985 through November 18, 1994, the Cafeteria sustained a cumulative loss of approximately \$600,000, primarily as a result of a steady decline in customers. In fiscal year 1995, GPO paid approximately \$100,000 to satisfy the RCL's creditors, as the Cafeteria was unable to meet these obligations. The RCL's bank account, with a balance of \$17,300 at September 30, 1995, will be used to resolve future claims against the Cafeteria that might arise, including amounts needed to terminate the RCL's employee pension plan ("Plan") as of November 1, 1995. Any remaining funds in the RCL account after all claims are satisfied will be deposited in the GPO Revolving Fund to offset GPO's expenditures.

The latest actuarial report prepared by the Massachusetts Mutual Life Insurance Company, the Plan trustee, states that the RCL Plan was fully funded as of July 1, 1994. The most recent actuarial report has not been issued; however, GPO believes that the Plan is fully funded. Any Plan assets remaining after liquidation will be deposited in the GPO Revolving Fund to offset GPO's expenditures.

11. Subsequent Events:

Public Law 104-53 approved on November 19, 1995, provides \$114,077,000 in Federal funds to GPO for fiscal year 1996. Of these funds, \$83,770,000 is to be used for the authorized printing and binding of the U.S. Congress and for the distribution of congressional information in any format, and \$30,307,000 is to be used for expenses of the activities of the Office of the Superintendent of Documents necessary to provide for the cataloging and indexing of government publications and their distribution to the public, members of Congress, other government agencies, and designated depository and international exchange libraries as authorized by law.

Management believes that GPO will be able to meet its operating requirements with the approved Federal funding and cash flows from operations. However, management's operating plans are dependent upon the volume and type of printing and binding services requested by Congress and other Federal agencies and management's control of operating costs. There can be no assurance that the approved Federal funding and cash flows from operations will be sufficient to meet GPO's operating requirements.